

# **AUSTRALIAN RESEARCH COUNCIL**

## **ENTITY RESOURCES AND PLANNED PERFORMANCE**



# AUSTRALIAN RESEARCH COUNCIL

<b>SECTION 1: ENTITY OVERVIEW AND RESOURCES .....</b>	<b>114</b>
1.1 Strategic direction statement.....	114
1.2 Entity resource statement.....	116
1.3 Budget measures .....	118
<b>SECTION 2: OUTCOMES AND PLANNED PERFORMANCE .....</b>	<b>119</b>
2.1 Budgeted expenses and performance for Outcome 1 .....	120
<b>SECTION 3: BUDGETED FINANCIAL STATEMENTS.....</b>	<b>128</b>
3.1 Budgeted financial statements .....	128
3.2. Budgeted financial statements tables .....	129

# AUSTRALIAN RESEARCH COUNCIL

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Australian Research Council (ARC) is a non-corporate Commonwealth entity established under the *Australian Research Council Act 2001*. The ARC is responsible for administering the National Competitive Grants Program (NCGP), assessing the quality, engagement and impact of research and providing advice on research matters.

Through the NCGP, the ARC supports excellent research and research training across all disciplines, awarding funding based on a competitive peer review process. The NCGP comprises two programs, Discovery and Linkage, which fund a range of complementary schemes that provide funding for basic and applied research, research training, research collaboration and infrastructure.

The ARC administers Excellence in Research for Australia (ERA), which assesses research quality by research discipline at eligible Australian higher education institutions. ERA is an established evaluation framework that reflects the Government's commitment to a transparent and streamlined approach to research evaluation. The ARC is also responsible for implementing an Engagement and Impact (EI) assessment, announced by the Australian Government in December 2015 as part of the National Science and Innovation Agenda (NISA).

The ARC's priorities for 2018–19 include:

- delivering the NCGP effectively and efficiently
- conducting the ERA 2018 evaluation
- continuing to support the Government's NISA by:
  - conducting a continuous application process under the Linkage Projects scheme
  - conducting an EI assessment as a companion to ERA
  - contributing to other NISA initiatives as required
- continuing to provide high quality advice to the Minister on research matters including in areas of Government focus (for example, strengthening linkages between research and business)
- working with stakeholders in delivering program and policy responsibilities, including through consultations and in raising awareness of research funded by the ARC

- continuing to monitor the performance of selected NCGP schemes through scheduled reviews and evaluations
- ensuring that the NCGP supports participation by all researchers, including Aboriginal and Torres Strait Islander researchers, women researchers and early and mid-career researchers
- maintaining a strong governance framework to support delivery against legislative requirements as well as the Government's expectations for the agency as articulated in the ARC outcome statement.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 - Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: ARC resource statement — Budget estimates for 2018–19 as at Budget May 2018**

	2017–18 Estimated actual \$'000	2018–19 Estimate \$ 000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	15,824	17,829
Departmental appropriation (b)	21,186	21,440
s74 Retained receipts (c)	2,005	-
Departmental capital budget (d)	1,235	1,228
Annual appropriations - other services - non-operating (e)		
Prior year appropriations available	3,480	2,389
Equity injection	674	-
Total departmental annual appropriations	44,404	42,886
<b>Total departmental resourcing</b>	<b>44,404</b>	<b>42,886</b>
<b>Administered</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	1,260	1,260
Outcome 1	6,521	14,145
Total administered annual appropriations	7,781	15,405
Special Appropriation - <i>Australian Research Council Act 2001</i> (f)	758,055	759,925
Total administered special appropriations	758,055	759,925
Special accounts (g)		
Opening balance	-	-
Appropriation receipts (h)	-	6,525
Total special account receipts	-	6,525
less administered appropriations drawn from annual appropriations and credited to special accounts	-	6,525
<b>Total administered resourcing</b>	<b>765,836</b>	<b>775,330</b>
<b>Total resourcing for the ARC</b>	<b>810,240</b>	<b>818,216</b>
<hr/>		
<b>Average staffing level (number)</b>	2017–18 133	2018–19 136

Prepared on a resourcing (i.e. appropriations available) basis.

Note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No. 1) 2018–19.
- (b) Excludes departmental capital budget (DCB).
- (c) Estimated retained revenue receipts under s74 of the PGPA Act.
- (d) Departmental capital budgets are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a contribution by owner.
- (e) Appropriation Bill (No. 2) 2018–19.
- (f) Excludes trust money and 'other CRF money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Moneys accounts (SOETM)). For further information on special appropriations and special accounts, please refer to Budget Paper No. 4 - Agency Resourcing. Please also see Table 2.1.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.
- (g) ARC Research Endowment Account - s80 PGPA Act [s62 *Australian Research Council Act 2001*].
- (h) Administered appropriations drawn from annual appropriations and credited to special account.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Australian Research Council are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: ARC 2018–19 Budget measures**

**Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)**

	Program	2017–18 \$ 000	2018–19 \$ 000	2019–20 \$ 000	2020–21 \$ 000	2021–22 \$ 000
<b>Expense measures</b>						
Australian Antarctic Science	1.1, 1.2					
Administered expenses		-	-	-	-	-
<b>Total</b>		-	-	-	-	-
Per- and Poly-Fluorinated Alkyl Substances — research and associated activities	1.2					
Administered expenses		-	6,525	4,325	2,150	-
<b>Total</b>		-	<b>6,525</b>	<b>4,325</b>	<b>2,150</b>	-
<b>Total expense measures</b>						
Administered		-	6,525	4,325	2,150	-
<b>Total</b>		-	<b>6,525</b>	<b>4,325</b>	<b>2,150</b>	-

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed in brackets are negative and represent a decrease in funds. Non-bracketed figures are positive and represent an increase in funds.



## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for ARC can be found at: [www.arc.gov.au](http://www.arc.gov.au) > About Us > Publications > Corporate Plan

The most recent annual performance statement can be found in the Australian Research Council Annual Report at: [www.arc.gov.au](http://www.arc.gov.au) > About Us > Publications > Annual Report

## 2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

**Outcome 1: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice.**

### Linked programs

<b>Department of Environment and Energy</b>
<b>Programs</b>
<ul style="list-style-type: none"> <li>• Program 3.1 – Antarctic Science Policy and Presence</li> </ul>
<b>Contribution to Outcome 1 made by linked programs</b>
The ARC is responsible for the management of the Special Research Initiative in Excellence in Antarctic Science. The Department of the Environment and Energy is responsible for the Australian Antarctic Program. As these two programs support the Australian Antarctic Science Strategic Plan 2011–12 to 2020–21, the ARC and the Department will work together to ensure effective delivery of these initiatives.

### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

**Table 2.1.1: Budgeted expenses for Outcome 1**

**Outcome 1: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice**

	2017–18 Estimated actual \$ 000	2018–19 Budget \$ 000	2019–20 Forward estimate \$ 000	2020–21 Forward estimate \$ 000	2021–22 Forward estimate \$ 000
<b>Program 1.1: Discovery - research and research training</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	1,122	1,148	1,174	1,200	1,230
Special appropriations <i>Australian Research Council Act 2001</i>	492,736	493,951	507,791	515,306	527,342
<b>Administered total</b>	<b>493,858</b>	<b>495,099</b>	<b>508,965</b>	<b>516,506</b>	<b>528,572</b>
<b>Total expenses for program 1.1</b>	<b>493,858</b>	<b>495,099</b>	<b>508,965</b>	<b>516,506</b>	<b>528,572</b>

**Table 2.1.1: Budgeted expenses for Outcome 1 (continued)**

	2017–18 Estimated actual \$ 000	2018–19 Budget \$ 000	2019–20 Forward estimate \$ 000	2020–21 Forward estimate \$ 000	2021–22 Forward estimate \$ 000
<b>Program 1.2: Linkage - cross-sector research partnerships</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1) (a)	1,449	1,491	1,528	1,562	1,601
Special appropriations <i>Australian Research Council Act 2001</i>	265,319	265,974	279,579	289,780	296,261
Special accounts <i>ARC Research Endowment Account - s80 PGPA Act [s62 Australian Research Council Act 2001]</i>	-	6,525	4,325	2,150	-
<b>Administered total</b>	<b>266,768</b>	<b>273,990</b>	<b>285,432</b>	<b>293,492</b>	<b>297,862</b>
<b>Total expenses for program 1.2</b>	<b>266,768</b>	<b>273,990</b>	<b>285,432</b>	<b>293,492</b>	<b>297,862</b>
<b>Program 1.3: Excellence in Research for Australia</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)	3,950	4,981	3,093	3,161	3,240
<b>Administered total</b>	<b>3,950</b>	<b>4,981</b>	<b>3,093</b>	<b>3,161</b>	<b>3,240</b>
<b>Total expenses for program 1.3</b>	<b>3,950</b>	<b>4,981</b>	<b>3,093</b>	<b>3,161</b>	<b>3,240</b>
<b>Outcome 1 Totals by appropriation type</b>					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1) (a)	6,521	7,620	5,795	5,923	6,071
Special appropriations	758,055	759,925	787,370	805,086	823,603
Special accounts	-	6,525	4,325	2,150	-
<b>Administered total</b>	<b>764,576</b>	<b>774,070</b>	<b>797,490</b>	<b>813,159</b>	<b>829,674</b>
Departmental expenses					
Departmental appropriation	21,186	21,440	21,247	21,384	21,503
s74 Retained revenue receipts (b)	600	500	500	400	-
Expenses not requiring appropriation in the Budget year (c)	3,802	3,167	2,903	2,568	2,505
<b>Departmental total</b>	<b>25,588</b>	<b>25,107</b>	<b>24,650</b>	<b>24,352</b>	<b>24,008</b>
<b>Total expenses for Outcome 1</b>	<b>790,164</b>	<b>799,177</b>	<b>822,140</b>	<b>837,511</b>	<b>853,682</b>

	2017–18	2018–19
<b>Average staffing level (number)</b>	133	136

Prepared on Australian Accounting Standards basis. Figures displayed in brackets are negative and represent a decrease in funds. Non-bracketed figures are positive and represent an increase in funds.

- (a) Figures displayed are expenses only. This does not align to resourcing because appropriations credited to special account are not recognised as expense.
- (b) Estimated expenses incurred in relation to receipts retained under s74 of the PGPA Act.
- (c) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and audit fees.

**Performance criteria for Outcome 1**

This section details the performance criteria for each program associated with Outcome 1. It summarises how each program is delivered and where 2018–19 Budget measures have created new programs or materially changed existing programs.

**Outcome 1: Growth of knowledge and innovation through managing research funding schemes, measuring research excellence and providing advice.**

**Program 1.1: Discovery – Research and Research Training**

<b>Objective</b>	Through the Discovery program, the ARC aims to build Australia’s research capacity by supporting excellent, internationally competitive research projects, fellowships and awards. This contributes to Outcome 1 by: providing training and career opportunities for current and emerging researchers; fostering international engagement; and encouraging research that will strengthen Australia’s capacity in areas of priority.
<b>Delivery</b>	The Discovery program is delivered through the following activities: <ul style="list-style-type: none"> <li>• administering the Discovery funding schemes—Australian Laureate Fellowships, Discovery Early Career Researcher Award (DECRA), Discovery Indigenous, Discovery Projects and Future Fellowships—which provide funding to eligible administering organisations for excellent, internationally competitive research projects, fellowships and awards</li> <li>• informing policy on research and research training.</li> </ul>
<b>Purposes</b>	The ARC’s purpose is to grow knowledge and innovation for the benefit of the Australian community through funding the highest quality research, assessing the quality, engagement and impact of research and providing advice on research matters.

**Performance information 1.1 Discovery – Research and Research Training**

Year	Performance criteria	Expected achievement
2017–18	<p>The Discovery program contributes to the growth of knowledge and innovation in Australia by funding:</p> <ul style="list-style-type: none"> <li>• excellent research and researchers</li> <li>• research training and career development</li> <li>• international collaboration</li> <li>• research in areas of priority.</li> </ul> <p>The Discovery program produces outcomes that improve our fundamental understanding of the world and/or provide economic, environmental, social, health and/or cultural benefits to Australia.</p>	<p>Final reporting data for targets will be available at the end of 2017–18 and compared against baseline data in the annual report. To date:</p> <ul style="list-style-type: none"> <li>• 17% of Discovery program funding allocated for commencement in 2017–18 was allocated under the DECRA scheme</li> <li>• 80% of Discovery program research projects commencing in 2017–18 involve international collaboration</li> <li>• 56% of Discovery program research projects commencing in 2017–18 address an Australian Government Science and Research Priority area.</li> </ul> <p>Case studies demonstrating the benefits arising from Discovery research will be provided in the ARC annual report.</p>

Year	Performance criteria	Targets
2018–19	<p>The Discovery program contributes to the growth of knowledge and innovation in Australia by funding:</p> <ul style="list-style-type: none"> <li>• excellent research and researchers</li> <li>• research training and career development</li> <li>• international collaboration</li> <li>• research in areas of priority.</li> </ul> <p>The Discovery program produces outcomes that improve our fundamental understanding of the world and/or provide economic, environmental, social, health and/or cultural benefits to Australia.</p>	<p>Target: Maintain proportion of Discovery program funding allocated to support early career researchers under the DECRA scheme.</p> <p>Target: Maintain or increase the proportion of Discovery research projects, fellowships and awards that support international collaboration.</p> <p>Target: Maintain the proportion of Discovery research projects, fellowships and awards that involve research in one of the Australian Government's Science and Research Priority areas.</p> <p>Target: Evidence of outcomes arising from Discovery research projects, fellowships and awards improving our fundamental understanding of the world and/or providing economic, environmental, social, health and/or cultural benefits to Australia.</p>
2019–20 and beyond	As per 2018–19	As per 2018–19

**Program 1.2: Linkage – Cross Sector Research Partnerships**

<b>Objective</b>	<p>Through the Linkage program, the ARC aims to build Australia’s research and innovation capacity by supporting excellent, internationally competitive research projects, infrastructure, hubs and centres that involve collaboration among researchers within and beyond the research sector.</p> <p>This contributes to Outcome 1 by: providing training and career opportunities for current and emerging researchers; fostering industry and other end-user engagement; supporting international collaboration; and encouraging research that will strengthen Australia’s capacity in areas of priority.</p>
<b>Delivery</b>	<p>The Linkage program is delivered through the following activities:</p> <ul style="list-style-type: none"> <li>• Administering the Linkage funding schemes—ARC Centres of Excellence, Industrial Transformation Research Hubs, Industrial Transformation Training Centres, Linkage Infrastructure, Equipment and Facilities, Linkage Learned Academies Special Projects, Linkage Projects and Special Research Initiatives—which provide funding to eligible administering organisations for excellent, internationally competitive research projects, infrastructure, hubs and centres</li> <li>• informing policy on cross sector research partnerships.</li> </ul>
<b>Purposes</b>	<p>The ARC’s purpose is to grow knowledge and innovation for the benefit of the Australian community through funding the highest quality research, assessing the quality, engagement and impact of research and providing advice on research matters.</p>
<p><b>Budget measures impacting program 1.2</b></p> <ul style="list-style-type: none"> <li>• Australian Antarctic Science</li> <li>• Per- and Poly-Fluorinated Alkyl Substances — research and associated activities</li> </ul>	

**Performance information 1.2 Linkage – Cross Sector Research Partnerships**

<b>Year</b>	<b>Performance criteria</b>	<b>Expected achievement</b>
2017–18	<p>The Linkage program contributes to the growth of knowledge and innovation in Australia by funding:</p> <ul style="list-style-type: none"> <li>• excellent collaborative research and researchers</li> <li>• industrial research training and career development</li> <li>• partnerships between universities and research end-users</li> <li>• research in areas of priority.</li> </ul>	<p>Final reporting data for targets will be available at the end of 2017–18 and compared against baseline data in the annual report. To date:</p> <ul style="list-style-type: none"> <li>• partner organisations involved in Linkage Projects have pledged \$1.76 for every dollar awarded by the ARC</li> <li>• results indicate the Linkage Projects scheme is on track to maintain the level of stakeholder satisfaction with the research partnerships supported through the scheme</li> <li>• 78% of Linkage program research projects commencing in 2017–18 address an Australian Government Science and Research Priority area</li> <li>• 100% of recommendations to the Minister under the Linkage Projects scheme have been made within six months of submission.</li> </ul> <p>In relation to the target for expenditure on the Industrial Transformation Training Centres scheme as a proportion of Linkage program funding the selection round for Industrial Transformation Training Centres 2018 has not been finalised.</p>

Year	Performance criteria	Targets
2018–19	<p>The Linkage program contributes to the growth of knowledge and innovation in Australia by funding:</p> <ul style="list-style-type: none"> <li>• excellent collaborative research and researchers</li> <li>• industrial research training and career development</li> <li>• partnerships between universities and research end-users</li> <li>• research in areas of priority.</li> </ul>	<p>Target: Maintain proportion of Linkage program funding to support industrial research training under the Industrial Transformation Training Centres scheme.</p> <p>Target: Maintain or increase the level of co-funding from partner organisations under the Linkage Projects scheme [<math>\geq</math>\$1 for every ARC dollar].</p> <p>Target: Maintain stakeholder satisfaction with the research partnerships supported through Linkage research projects, infrastructure, hubs and centres [with baseline based on 4 year rolling average].</p> <p>Target: Maintain or increase the proportion of Linkage research projects, infrastructure, hubs and centres that involve research in one of the Australian Government’s Science and Research Priority areas.</p> <p>Target: Linkage Projects scheme is delivered efficiently [100% of recommendations are made to the Minister within six months of submission].</p>
2019–20 and beyond	As per 2018–19	As per 2018–19

**Program 1.3: Excellence in Research for Australia**

<b>Objective</b>	<p>Through the Excellence in Research for Australia (ERA) program the ARC aims to improve Australia’s research capacity by evaluating research at eligible Australian higher education institutions against international benchmarks and identifying excellence across the full spectrum of research activities. The program includes both the research quality evaluation framework, Excellence in Research for Australia, and an Engagement and Impact (EI) assessment framework, which will assess the engagement of researchers with end-users, and show how universities are translating their research into economic, social, environmental and other impacts.</p> <p>This contributes to Outcome 1 by: providing a unique, evidence-based resource to inform Australian government research policy and the strategic direction of higher education institutions; and encouraging researchers to produce high-quality and impactful research with real world benefits.</p>
<b>Delivery</b>	<p>The program is delivered through the following activities:</p> <ul style="list-style-type: none"> <li>• administering an evaluation framework to measure and report on the quality of research conducted at Australia’s higher education institutions</li> <li>• administering a framework to assess engagement and show how universities are translating their research into economic, social, environmental and other impacts</li> <li>• informing strategic policy advice on research quality, engagement and impact.</li> </ul>
<b>Purposes</b>	<p>The ARC’s purpose is to grow knowledge and innovation for the benefit of the Australian community through funding the highest quality research, assessing the quality, engagement and impact of research and providing advice on research matters.</p>

**Performance information 1.3 Excellence in Research for Australia**

<b>Year</b>	<b>Performance criteria</b>	<b>Expected achievement</b>
2017–18	<p>The ERA program, including the research quality evaluation framework and the development and implementation of the EI assessment framework, contributes to the growth of knowledge and innovation in Australia by:</p> <ul style="list-style-type: none"> <li>• providing assurance of the quality of research in Australia</li> <li>• encouraging excellent, internationally competitive research</li> <li>• encouraging impactful engagement within and beyond the research sector.</li> </ul>	<p>Reporting information for the following targets will be in the ARC annual report: <sup>22</sup></p> <ul style="list-style-type: none"> <li>• ERA program reports and activities inform Australian Government policy</li> <li>• ERA program reports and activities inform strategic planning at eligible Australian higher education institutions.</li> </ul>

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<sup>22</sup> The 2017–18 PBS included two targets (1. engagement within and beyond the research sector is benchmarked and 2. impact studies submitted for the EI assessment publicly demonstrate how universities are translating their research into economic, social, environmental and other impacts) that will not be reported against for 2017–18 due to the triennial cycle of the EI Assessment—commencing in the 2018 calendar year. As stated in the *ARC Corporate Plan – 2017–18*, these targets rely on indicators that will be collected for the first time in 2018–19. Therefore the targets are included in the 2018–19 period.



Year	Performance criteria	Targets
2018–19	<p>The ERA program, including the research quality evaluation framework and EI assessment framework, contributes to the growth of knowledge and innovation in Australia by:</p> <ul style="list-style-type: none"> <li>• providing assurance of the quality of research in Australia</li> <li>• encouraging excellent, internationally competitive research</li> <li>• encouraging impactful engagement within and beyond the research sector.</li> </ul>	<p>Reporting information for the following targets will be in the ARC annual report:</p> <ul style="list-style-type: none"> <li>• ERA program reports and activities inform Australian Government policy</li> <li>• ERA program reports and activities inform strategic planning at eligible Australian higher education institutions</li> <li>• engagement within and beyond the research sector is benchmarked</li> <li>• impact studies submitted for the EI assessment publicly demonstrate how universities are translating their research into economic, social, environmental and other impacts</li> <li>• Research performance of Australian higher education institutions improves.</li> </ul>
2019–20 and beyond	As per 2018–19	<p>ERA program reports and activities inform Australian Government policy.</p> <p>ERA program reports and activities inform strategic planning at eligible Australian higher education institutions.</p> <p>The following targets will not be measured in 2019–20, as ERA and EI are triennial exercises, with the next evaluations to be conducted in 2021:</p> <ul style="list-style-type: none"> <li>• improvements to the research performance of Australian higher education institutions</li> <li>• engagement within and beyond the research sector is benchmarked</li> <li>• impact studies submitted for the EI assessment publicly demonstrate how universities are translating their research into economic, social, environmental and other impacts.</li> </ul>

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of budget measures and resourcing on financial statements.

### 3.1 BUDGETED FINANCIAL STATEMENTS

#### 3.1.1 Differences between entity resourcing and financial statements

There are no material variances between the entity resources table and the budgeted financial statements. There is a minor variance between resourcing and expenses, which reflects the administered annual appropriation being credited to the ARC Research Endowment Special Account.

#### 3.1.2 Explanatory notes and analysis of budgeted financial statements

The budgeted financial statements have been updated to reflect measures announced and other variations since the 2017–18 MYEFO/Portfolio Additional Estimates Statements 2017–18 - Education and Training Portfolio.

#### **Budgeted departmental comprehensive income statement**

The ARC's income statement reflects a deficit across the forward estimates. These deficits are solely attributable to the depreciation expense for the year. Expenses for 2018–19 are estimated to be \$25.1 million.

#### **Budgeted departmental balance sheet**

The budgeted net asset position of \$22.6 million for 2018–19 represents a decrease of \$1.9 million from 2017–18. This is mainly attributable to the estimated decrease in financial assets resulting from the estimated capital purchase in 2018–19 using prior year appropriations and the expenditure of funds received for the administration of PFAS.

#### **Schedule of budgeted income and expenses administered on behalf of Government**

The schedule of budgeted income and expenses reflects the revenues and expense relating to programs administered by the ARC on behalf of Government.

The majority of the expenditure is on grants as provided under the National Competitive Grants Program.

#### **Schedules of budgeted assets and liabilities administered on behalf of government**

The ARC recognises grant liabilities to the extent that the grant eligibility criteria or reporting requirements have been satisfied. The closing liability reflects the remaining commitment, as at 30 June, for the relevant calendar year.

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2017–18 Estimated actual \$ 000	2018–19 Budget \$ 000	2019–20 Forward estimate \$ 000	2020–21 Forward estimate \$ 000	2021–22 Forward estimate \$ 000
<b>EXPENSES</b>					
Employee benefits	15,884	16,553	16,873	17,201	17,534
Suppliers	5,698	5,216	4,737	4,479	3,895
Depreciation and amortisation (a)	3,742	3,107	2,843	2,508	2,445
Finance costs	264	231	197	164	134
<b>Total expenses</b>	<b>25,588</b>	<b>25,107</b>	<b>24,650</b>	<b>24,352</b>	<b>24,008</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	600	500	500	400	-
Other	60	60	60	60	60
<b>Total own-source revenue</b>	<b>660</b>	<b>560</b>	<b>560</b>	<b>460</b>	<b>60</b>
<b>Total own-source income</b>	<b>660</b>	<b>560</b>	<b>560</b>	<b>460</b>	<b>60</b>
<b>Net (cost of)/contribution by services</b>	<b>(24,928)</b>	<b>(24,547)</b>	<b>(24,090)</b>	<b>(23,892)</b>	<b>(23,948)</b>
Revenue from Government	21,186	21,440	21,247	21,384	21,503
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(3,742)</b>	<b>(3,107)</b>	<b>(2,843)</b>	<b>(2,508)</b>	<b>(2,445)</b>
<b>Total comprehensive income/(loss)</b>	<b>(3,742)</b>	<b>(3,107)</b>	<b>(2,843)</b>	<b>(2,508)</b>	<b>(2,445)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(3,742)</b>	<b>(3,107)</b>	<b>(2,843)</b>	<b>(2,508)</b>	<b>(2,445)</b>

**Note: Impact of net cash appropriation arrangements**

	2017–18 \$ 000	2018–19 \$ 000	2019–20 \$ 000	2020–21 \$ 000	2021–22 \$ 000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	3,742	3,107	2,843	2,508	2,445
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(3,742)</b>	<b>(3,107)</b>	<b>(2,843)</b>	<b>(2,508)</b>	<b>(2,445)</b>

(a) From 2010–11, the Government introduced net cash appropriation arrangements. This involved Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) being replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental capital budget statement.

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2017–18 Estimated actual \$ 000	2018–19 Budget \$ 000	2019–20 Forward estimate \$ 000	2020–21 Forward estimate \$ 000	2021–22 Forward estimate \$ 000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	467	467	467	467	467
Trade and other receivables	19,400	17,191	16,462	15,813	15,616
<b>Total financial assets</b>	<b>19,867</b>	<b>17,658</b>	<b>16,929</b>	<b>16,280</b>	<b>16,083</b>
<b>Non-financial assets</b>					
Land and buildings	1,647	1,500	1,343	1,180	1,008
Property, plant and equipment	789	565	361	254	214
Intangibles	10,467	10,307	9,054	8,053	7,065
Other non-financial assets	360	360	360	360	360
<b>Total non-financial assets</b>	<b>13,263</b>	<b>12,732</b>	<b>11,118</b>	<b>9,847</b>	<b>8,647</b>
<b>Total assets</b>	<b>33,130</b>	<b>30,390</b>	<b>28,047</b>	<b>26,127</b>	<b>24,730</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	457	457	457	457	457
Other payables	1,509	1,015	634	298	365
<b>Total payables</b>	<b>1,966</b>	<b>1,472</b>	<b>1,091</b>	<b>755</b>	<b>822</b>
<b>Interest bearing liabilities</b>					
Leases	2,376	2,009	1,661	1,348	1,084
<b>Total interest bearing liabilities</b>	<b>2,376</b>	<b>2,009</b>	<b>1,661</b>	<b>1,348</b>	<b>1,084</b>
<b>Provisions</b>					
Employee provisions	3,979	3,979	3,979	3,979	3,979
Other provisions	324	324	324	324	324
<b>Total provisions</b>	<b>4,303</b>	<b>4,303</b>	<b>4,303</b>	<b>4,303</b>	<b>4,303</b>
<b>Total liabilities</b>	<b>8,645</b>	<b>7,784</b>	<b>7,055</b>	<b>6,406</b>	<b>6,209</b>
<b>Net assets</b>	<b>24,485</b>	<b>22,606</b>	<b>20,992</b>	<b>19,721</b>	<b>18,521</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	36,283	37,511	38,740	39,977	41,222
Reserves	58	58	58	58	58
Retained surplus (accumulated deficit)	(11,856)	(14,963)	(17,806)	(20,314)	(22,759)
<b>Total parent entity interest</b>	<b>24,485</b>	<b>22,606</b>	<b>20,992</b>	<b>19,721</b>	<b>18,521</b>
<b>Total equity</b>	<b>24,485</b>	<b>22,606</b>	<b>20,992</b>	<b>19,721</b>	<b>18,521</b>

\* Equity is the residual interest in assets after the deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018–19)**

	Retained earnings \$ 000	Asset revaluation reserve \$ 000	Contributed equity/ capital \$ 000	Total equity \$ 000
<b>Opening balance as at 1 July 2018</b>				
Balance carried forward from previous period	(11,856)	58	36,283	24,485
<b>Adjusted opening balance</b>	<b>(11,856)</b>	<b>58</b>	<b>36,283</b>	<b>24,485</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(3,107)	-	-	(3,107)
<b>Total comprehensive income</b>	<b>(3,107)</b>	<b>-</b>	<b>-</b>	<b>(3,107)</b>
of which:				
Attributable to the Australian Government	(3,107)	-	-	(3,107)
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Departmental Capital Budget (DCB)	-	-	1,228	1,228
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>1,228</b>	<b>1,228</b>
<b>Estimated closing balance as at 30 June 2019</b>	<b>(14,963)</b>	<b>58</b>	<b>37,511</b>	<b>22,606</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(14,963)</b>	<b>58</b>	<b>37,511</b>	<b>22,606</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$ 000	2018–19 Budget \$ 000	2019–20 Forward estimate \$ 000	2020–21 Forward estimate \$ 000	2021–22 Forward estimate \$ 000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	22,616	23,649	21,976	22,033	21,700
Sale of goods and rendering of services	2,005	-	-	-	-
Net GST received	550	550	550	550	550
<b>Total cash received</b>	<b>25,171</b>	<b>24,199</b>	<b>22,526</b>	<b>22,583</b>	<b>22,250</b>
<b>Cash used</b>					
Employees	15,884	16,547	16,754	17,137	17,467
Suppliers	5,638	5,156	4,677	4,419	3,835
Borrowing costs	264	231	197	164	134
Net GST paid	550	550	550	550	550
s74 Retained revenue receipts transferred to OPA	1,405	-	-	-	-
<b>Total cash used</b>	<b>23,741</b>	<b>22,484</b>	<b>22,178</b>	<b>22,270</b>	<b>21,986</b>
<b>Net cash from/(used by) operating activities</b>	<b>1,430</b>	<b>1,715</b>	<b>348</b>	<b>313</b>	<b>264</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	3,000	2,576	1,229	1,237	1,245
<b>Total cash used</b>	<b>3,000</b>	<b>2,576</b>	<b>1,229</b>	<b>1,237</b>	<b>1,245</b>
<b>Net cash from/(used by) investing activities</b>	<b>(3,000)</b>	<b>(2,576)</b>	<b>(1,229)</b>	<b>(1,237)</b>	<b>(1,245)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	1,909	1,228	1,229	1,237	1,245
<b>Total cash received</b>	<b>1,909</b>	<b>1,228</b>	<b>1,229</b>	<b>1,237</b>	<b>1,245</b>
<b>Cash used</b>					
Repayments of finance leases	339	367	348	313	264
<b>Total cash used</b>	<b>339</b>	<b>367</b>	<b>348</b>	<b>313</b>	<b>264</b>
<b>Net cash from/(used by) financing activities</b>	<b>1,570</b>	<b>861</b>	<b>881</b>	<b>924</b>	<b>981</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	467	467	467	467	467
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>467</b>	<b>467</b>	<b>467</b>	<b>467</b>	<b>467</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

	2017–18 Estimated actual \$ 000	2018–19 Budget \$ 000	2019–20 Forward estimate \$ 000	2020–21 Forward estimate \$ 000	2021–22 Forward estimate \$ 000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	1,235	1,228	1,229	1,237	1,245
Equity injections - Bill 2	674	-	-	-	-
<b>Total new capital appropriations</b>	<b>1,909</b>	<b>1,228</b>	<b>1,229</b>	<b>1,237</b>	<b>1,245</b>
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	1,909	1,228	1,229	1,237	1,245
<b>Total items</b>	<b>1,909</b>	<b>1,228</b>	<b>1,229</b>	<b>1,237</b>	<b>1,245</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations (a)	674	-	-	-	-
Funded by capital appropriation - DCB (b)	1,235	1,228	1,229	1,237	1,245
Funded internally from departmental resources (c)	1,091	1,348	-	-	-
<b>TOTAL</b>	<b>3,000</b>	<b>2,576</b>	<b>1,229</b>	<b>1,237</b>	<b>1,245</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	3,000	2,576	1,229	1,237	1,245
<b>Total cash used to acquire assets</b>	<b>3,000</b>	<b>2,576</b>	<b>1,229</b>	<b>1,237</b>	<b>1,245</b>

(a) Current year's Appropriation Bill (No. 2).

(b) Current year's Departmental Capital Budgets (DCBs).

(c) Includes prior year Act 2 and DCB appropriations.

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2018-19)**

	Buildings \$ 000	Other property, plant and equipment \$ 000	Computer software and intangibles \$ 000	Total \$ 000
<b>As at 1 July 2018</b>				
Gross book value	3,026	1,670	26,248	30,944
Accumulated depreciation/ amortisation and impairment	(1,379)	(881)	(15,781)	(18,041)
<b>Opening net book balance</b>	<b>1,647</b>	<b>789</b>	<b>10,467</b>	<b>12,903</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation equity (a)	-	-	1,348	1,348
By purchase - appropriation ordinary annual services (b)	100	150	978	1,228
<b>Total additions</b>	<b>100</b>	<b>150</b>	<b>2,326</b>	<b>2,576</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(247)	(374)	(2,486)	(3,107)
<b>Total other movements</b>	<b>(247)</b>	<b>(374)</b>	<b>(2,486)</b>	<b>(3,107)</b>
<b>As at 30 June 2019</b>				
Gross book value	3,126	1,820	28,574	33,520
Accumulated depreciation/ amortisation and impairment	(1,626)	(1,255)	(18,267)	(21,148)
<b>Closing net book balance</b>	<b>1,500</b>	<b>565</b>	<b>10,307</b>	<b>12,372</b>

(a) Appropriation equity refers to equity injections appropriations provided through prior Appropriation Bill (No. 2).

(b) Appropriation ordinary annual services refers to funding provided through current and prior Appropriation Bill (No.1) for depreciation/amortisation expenses, DCBs.

Prepared on Australian Accounting Standards basis.



**Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	2017–18 Estimated actual \$ 000	2018–19 Budget \$ 000	2019–20 Forward estimate \$ 000	2020–21 Forward estimate \$ 000	2021–22 Forward estimate \$ 000
<b>EXPENSES</b>					
Suppliers	6,521	7,620	5,795	5,923	6,071
Grants	758,055	766,450	791,695	807,236	823,603
<b>Total expenses administered on behalf of Government</b>	<b>764,576</b>	<b>774,070</b>	<b>797,490</b>	<b>813,159</b>	<b>829,674</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Other revenue (a)	7,000	7,000	7,000	7,000	7,000
<b>Total non-taxation revenue</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>
<b>Total own-source revenue administered on behalf of Government</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>
<b>Net (cost of)/contribution by services</b>	<b>(757,576)</b>	<b>(767,070)</b>	<b>(790,490)</b>	<b>(806,159)</b>	<b>(822,674)</b>
<b>Total comprehensive income/(loss)</b>	<b>(757,576)</b>	<b>(767,070)</b>	<b>(790,490)</b>	<b>(806,159)</b>	<b>(822,674)</b>

(a) Under the *Australian Research Council Act 2001*, grant recipients are required to return unspent grant money to the ARC unless otherwise approved. The ARC then returns the funding relating to prior financial years to the Official Public Account.

Prepared on Australian Accounting Standards basis.

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	2017–18 Estimated actual \$ 000	2018–19 Budget \$ 000	2019–20 Forward estimate \$ 000	2020–21 Forward estimate \$ 000	2021–22 Forward estimate \$ 000
<b>ASSETS</b>					
<b>Financial assets</b>					
Taxation receivables	132	132	132	132	132
Trade and other receivables	3	3	3	3	3
<b>Total financial assets</b>	<b>135</b>	<b>135</b>	<b>135</b>	<b>135</b>	<b>135</b>
<b>Non-financial assets</b>					
Other non-financial assets	12	12	12	12	12
<b>Total non-financial assets</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Total assets administered on behalf of Government</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	1,144	1,144	1,144	1,144	1,144
Grants	308,898	308,898	308,898	308,898	308,898
<b>Total payables</b>	<b>310,042</b>	<b>310,042</b>	<b>310,042</b>	<b>310,042</b>	<b>310,042</b>
<b>Total liabilities administered on behalf of Government</b>	<b>310,042</b>	<b>310,042</b>	<b>310,042</b>	<b>310,042</b>	<b>310,042</b>
<b>Net assets/(liabilities)</b>	<b>(309,895)</b>	<b>(309,895)</b>	<b>(309,895)</b>	<b>(309,895)</b>	<b>(309,895)</b>

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

	2017–18 Estimated actual \$ 000	2018–19 Budget \$ 000	2019–20 Forward estimate \$ 000	2020–21 Forward estimate \$ 000	2021–22 Forward estimate \$ 000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Net GST received	5,300	5,300	5,300	5,300	5,300
Other	7,000	7,000	7,000	7,000	7,000
<b>Total cash received</b>	<b>12,300</b>	<b>12,300</b>	<b>12,300</b>	<b>12,300</b>	<b>12,300</b>
<b>Cash used</b>					
Grant	758,055	766,450	791,695	807,236	823,603
Suppliers	6,521	7,620	5,795	5,923	6,071
Net GST paid	5,300	5,300	5,300	5,300	5,300
<b>Total cash used</b>	<b>769,876</b>	<b>779,370</b>	<b>802,790</b>	<b>818,459</b>	<b>834,974</b>
<b>Net cash from/(used by) operating activities</b>	<b>(757,576)</b>	<b>(767,070)</b>	<b>(790,490)</b>	<b>(806,159)</b>	<b>(822,674)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(757,576)</b>	<b>(767,070)</b>	<b>(790,490)</b>	<b>(806,159)</b>	<b>(822,674)</b>
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash from Official Public Account for:					
- Appropriations	764,576	774,070	797,490	813,159	829,674
- Administered GST appropriations	5,300	5,300	5,300	5,300	5,300
<b>Total cash from Official Public Account</b>	<b>769,876</b>	<b>779,370</b>	<b>802,790</b>	<b>818,459</b>	<b>834,974</b>
Cash to Official Public Account for:					
- Other operating payments	7,000	7,000	7,000	7,000	7,000
- Return of GST Appropriation to OPA	5,300	5,300	5,300	5,300	5,300
<b>Total cash to Official Public Account</b>	<b>12,300</b>	<b>12,300</b>	<b>12,300</b>	<b>12,300</b>	<b>12,300</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

**Table 3.10: Administered capital budget statement (for the period ended 30 June)**

ARC does not have any administered capital budget, therefore Table 3.10 is not presented.

**Table 3.11: Statement of administered asset movements (Budget year 2018–19)**

ARC does not have any administered fixed or intangible assets, therefore Table 3.11 is not presented.